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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

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COUNTRY China

DATE: 25X1A

SUBJECT

INFO.

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Political Information: Impeachment of Governor Lo Cho-ying, Kwangtung

DIST. 1 November 1946

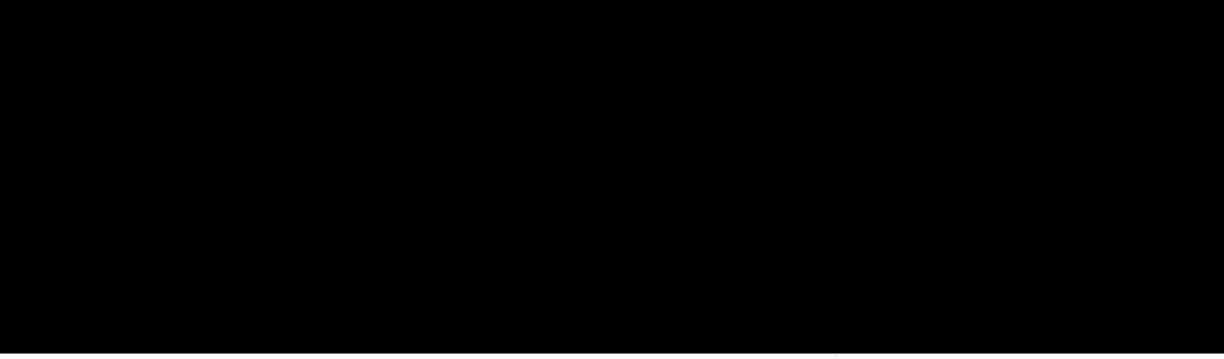
ORIGIN

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SUPPLEMENT

~~This document is hereby designated to CONFIDENTIAL in accordance with the letter of 10 October 1978 from the Director of Central Intelligence.~~



1. Before the Sino-Japanese war all hsiens in Kwangtung Province, beside collecting government land taxes from farmers, independently collected a special land tax called Keng Lien Fei (錢糧費). This tax was used to support special units of guards whose main duty was to guard rice paddies. Each hsiien had its independent guards guarding rice paddies within the hsiien area. During the Japanese occupation of South China these special guards were called Hu Sha Tui (護沙隊) or Paddy Guard Units. After the Japanese surrendered, the Kwangtung Provincial Government took over the control of the guards from the hsiien governments and continued collection of a special tax known as Hu Sha Fei (護沙費). Collection rate was 150 dollars CN per mou per harvest.

2. Although in September 1945 the Central Government Executive Yuan had issued orders to provincial governments to stop collection of Hu Sha Fei, the Kwangtung Provincial Government did not re-issue the orders and continued collection of the tax. This was done under the supervision of Governor Lo Cho-ying, Tu Mei-ho (杜美和) Director of the Financial Department of the Kwangtung Provincial Government, Lo Wei-hsiung (羅偉星) Secretary General of the Kwangtung Provincial Government from September 1945 to March 1946, Hsiao Tsu-yin (蕭子英) Director of the Land Tax and Food Control Office of the Kwangtung Provincial Government from September 1945 to June 1946, and Li Chieh-wen (李節文) September 1945 to March 1946 Commander in Chief of the Kwangtung Hu Sha Tui.

3. Collection was continued until March 1946, when the case was exposed to the Chinese Control Yuan by Li Cheng-le (李正樂), Tu Kuang-sun (杜光孫) and Ho Han-wei (何漢文). The Control Yuan immediately demanded that the Kwangtung Provincial Government stop collection of special land tax and investigated the case. The result of the investigation was the uncovering of a

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huge graft of \$40,000,000,000 CNC in the collection of tax. Li-Chieh-chen, the suspected leader of the graft, was arrested in Hanking in July 1946 and transferred to the Canton Generalissimo's Headquarters for trial in early September. When Li was asked what happened to the \$40,000,000,000 he claimed that the money had been divided into several shares and handed away.

4. There are rumors that Lo Cho-ying, Tu Mei-ho, etc. obtained shares from the graft. The main point now is whether Li Chieh-chen is willing to produce evidence against Governor Lo, or not. Impeachment proceedings against Governor Lo for illegal collection of Hu Sha Fai is still being carried out by the Central Yuan.

5. The local popular opinion is that Lo Iei-hsiung, Secretary General and brother of Governor Lo, is the main person behind the collection of the tax and graft. When the case was exposed in March 1946, Lo Iei-hsiung immediately "resigned" from his provincial post but in April was reappointed by Governor Lo as Superior Magistrate of the Sixth Area of Kweichow province.

6. Hsiao Tzu-yin also "resigned" from the post of Director of Land Tax and Food Control Office about June 1946. [redacted] comment: because of his influence and power, Governor Lo will possibly be cleared.)

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